

FY18 Executive Travel and Entertainment Expenses



May 2019

**The University of Texas at Austin
Office of Internal Audits
UTA 2.302
(512) 471-7117**

**The University of Texas at Austin
Institutional Audit Committee**

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This report has been distributed to Institutional Audit Committee members, the Legislative Budget Board, the State Auditor's Office, the Sunset Advisory Commission, the Governor's Office of Budget and Planning, and The University of Texas System Audit Office for distribution to the Audit, Compliance, and Management Review Committee of the Board of Regents.

**FY18 Executive Travel and Entertainment Expenses
Project Number: 19.014**



OFFICE OF INTERNAL AUDITS
THE UNIVERSITY OF TEXAS AT AUSTIN

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May 31, 2019

President Gregory L. Fenves
The University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas 78713

Dear President Fenves,

We have completed our audit of Executive's Travel and Entertainment Expenses. Our scope included travel and entertainment expenses reimbursed to, or paid on behalf of, UT's executive officers during the period of September 1, 2017, through August 31, 2018.

Travel and entertainment expenses reimbursed to, or paid on behalf of, executives at UT are appropriate, accurate, and generally comply with travel and entertainment expense policies and procedures. Suggestions are offered throughout the report for improvement in the existing control structure.

We appreciate the cooperation and assistance of each department reviewed throughout the audit and hope that the information presented herein is beneficial.

Sincerely,

A handwritten signature in cursive script that reads "Sandy Jansen".

Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive

cc: Mr. Carlos Martinez, Chief of Staff, Office of the President
Mr. William O'Hara, Chair, Institutional Audit Committee



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EXECUTIVE SUMMARY

The Office of Internal Audits has completed the Executive Travel and Entertainment Expenses audit. This audit is required by The University of Texas System (UT System) and is included on our FY19 Audit Plan.

Conclusion

Travel and entertainment expenses reimbursed to, or paid on behalf of, executives at The University of Texas at Austin (UT) are appropriate, accurate, and generally comply with travel and entertainment expense policies and procedures. All memorandums addressed to each executive are included in the Appendix of this report.

Summary of Recommendations¹

Four recommendations, included in the memorandums, were provided to the respective executives. One university-wide recommendation was provided to Financial and Administrative Services. Five other items were discussed with specific executives, but were not significant because of materiality or mitigating factors.

Audit Scope and Objective

The audit scope included travel and entertainment expenses reimbursed to, or paid on behalf of, UT executive officers during the period of September 1, 2017, through August 31, 2018. The objective was to determine whether the expenses were appropriate, accurate, and compliant with UT policies and procedures.

Background Summary

In FY13, UT System expanded the Executive Travel and Entertainment Expenses audit requirements as prescribed by UT System Regents' Rule 20205 to include additional executive teams at each institution. All of the executive officers are subject to review on a biennial basis.

We determined the population of executives based on audit guidance provided by UT System. Executives consisted of those who directly reported to the president, key management members, and department chairs.

¹ Each issue has been ranked according to UT System Audit Issue Ranking guidelines. Please see the Appendix of the final memorandums for ranking definitions.



BACKGROUND

In FY13, UT System expanded the Executive Travel and Entertainment Expenses audit requirements as prescribed by UT System Regents' Rule 20205 to include additional executive teams at each institution. All of the executive officers are subject to review on a biennial basis.

We determined the population of executives based on audit guidance provided by UT System. Executives consisted of those who directly reported to the president, key management members, and department chairs.

In accordance with UT System guidance, the selection methodology considers high risk travelers and entertainers. Nine executives were selected for review based on three risk factors: total expenses, frequency of travel or entertainment, and time since last audit. Additionally, the executives selected for travel expense audits do not necessarily have to be the same executives selected for entertainment expense audits.

SCOPE, OBJECTIVES, AND PROCEDURES

The scope of this audit included travel and entertainment expenses reimbursed to, or paid on behalf of, UT's executive officers during the period of September 1, 2017, through August 31, 2018. The objective was to determine whether the expenses were appropriate, accurate, and in compliance with UT policies and procedures.

To achieve these objectives, Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

AUDIT RESULTS

The executives' departmental policies and procedures generally aligned with UT's travel and entertainment expense requirements.

Recommendations consisting primarily of approvals, timely reimbursements, and adequate supporting documentation were made at the executive level. The four executives, for which issues were identified, agreed with the recommendations and provided an action plan with implementation dates. Additionally, a university-wide recommendation was made to update travel policy. The individual memorandums are attached in the Appendix of this report.



CONCLUSION

Travel and entertainment expenses reimbursed to, or paid on behalf of, executives at UT are appropriate, accurate, and generally comply with travel and entertainment expense policies and procedures. All memorandums addressed to each executive are included in the Appendix of this report.

In accordance with directives from The University of Texas System Board of Regents, the Office of Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.



APPENDIX

Memorandums to Executives

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MEMORANDUM

To: Dr. Maurie McInnis, Executive Vice President and Provost
Office of the President

From: Ms. Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive *Sandy Jansen*

Subject: FY18 Hartzell Travel and Entertainment Expenses – Project #19.014

Date: April 5, 2019

We have completed our audit of executive travel and entertainment expenses. The University of Texas System Audit Office requires this engagement, and all executive officers are subject to review annually, but may not be included in the audit every year. Dr. Jay Hartzell, Dean, Red McCombs School of Business, was selected for this year's audit.

Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT policies and procedures for the period September 1, 2017, through August 31, 2018.

To achieve the objective, we conducted testing on a sample of travel and entertainment expenses and reviewed supporting documentation to determine:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

AUDIT RESULTS

Dr. Hartzell's travel was appropriate, accurate, and complied with policies and procedures.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact Brandon Morales or me at 512-471-7117.

SJ: jb

cc: Dr. Jay Hartzell, Dean, Red McCombs School of Business
Mr. Carlos Martinez, Chief of Staff, Office of the President
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost



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MEMORANDUM

To: Dr. Jay Hartzell, Dean
Red McCombs School of Business

From: Ms. Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive *Sandy Jansen*

Subject: FY18 Martins Travel and Entertainment Expenses – Project #19.014

Date: April 16, 2019

We have completed our audit of executive travel and entertainment expenses. The University of Texas System Audit Office requires this engagement, and all executive officers are subject to review annually, but may not be included in the audit every year. Dr. Luis Martins, Director, Herb Kelleher Center for Entrepreneurship, was selected for this year's audit.

Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT policies and procedures for the period September 1, 2017, through August 31, 2018.

To achieve the objective, we conducted testing on a sample of travel and entertainment expenses and reviewed supporting documentation to determine:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

AUDIT RESULTS

In general, Dr. Martins' travel was appropriate, accurate, and complied with policies and procedure; however, there is one opportunity to improve supporting documentation.

Request for Travel Authorization Approval – Travel
Audit Issue Ranking: Medium (See Appendix)

The Request for Travel Authorization for one trip tested was documented as approved by the supervisor in the notes section of *DEFINE; however, the approval email could not be provided upon request. The individual who documented that supervisory approval had been granted in *DEFINE has left her position and the email approval was not retained. Without retaining documentation of supervisory approval, there is no evidence that the approval was granted.

Section 11.2.A of UT Austin's Handbook of Business Procedures states, "Prior approval for all business travel is required for absences of employees from the campus or other designated headquarters for periods of half a day or more during the normal working period, whether or not there is a cost to The University." and that "Approval is delegated to the immediate supervisor."

Recommendation 1: Management should ensure that Requests for Travel Authorization are approved by an immediate supervisor, documented, and retained per UT's records retention policy.

Management Response: The approval protocol is already in place for a traveler to obtain a prior approval to travel from his/her supervisor for his/her role. In this instance, the approver did not "reply all" so that the sender's supervisor would also have a copy of the approval. We will set up an "RTA-approval" e-mail address from which RTA approval e-mails will be sent to a supervisor and he/she can reply to that address so that many of us can have access to e-mails sent from/to "RTA-Approval" and they will be retained in the event a staff member leaves the Business Affairs Office.

Responsible Person: Susie Brown, Associate Dean for Business Affairs

Planned Implementation Date: April 12, 2019

Post Audit Review: Internal Audits will conduct follow-up in the third quarter of FY19.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact Brandon Morales or me at 512-471-7117.

SJ:jb

cc: Ms. Susie Brown, Associate Dean for Business Affairs, Red McCombs School of Business
Mr. Carlos Martinez, Chief of Staff, Office of the President
Dr. Luis Martins, Director, Herb Kelleher Center for Entrepreneurship
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost

A P P E N D I X

Audit Issue Ranking

Audit issues are ranked according to the following definitions, consistent with UT System Audit Office guidance. These determinations are based on overall risk to UT System, UT Austin, and/or the individual college/school/unit if the issues are left uncorrected. These audit issues and rankings are reported to UT System directly.

- ***Priority*** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.
- ***High*** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
- ***Medium*** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
- ***Low*** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of “Low” are reported verbally to the unit and are not included in the final report.



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MEMORANDUM

To: Dr. Maurie McInnis, Executive Vice President and Provost
Office of the President

From: Ms. Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive *Sandy Jansen*

Subject: FY18 Mulva Travel and Entertainment Expenses – Project #19.014

Date: April 5, 2019

We have completed our audit of executive travel and entertainment expenses. The University of Texas System Audit Office requires this engagement, and all executive officers are subject to review annually, but may not be included in the audit every year. Dr. Stephen Mulva, Director, Construction Industry Institute, was selected for this year's audit.

Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT policies and procedures for the period September 1, 2017, through August 31, 2018.

To achieve the objective, we conducted testing on a sample of travel and entertainment expenses and reviewed supporting documentation to determine:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

AUDIT RESULTS

Dr. Mulva's travel was appropriate, accurate, and complied with policies and procedures.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact Brandon Morales or me at 512-471-7117.

SJ: jb

cc: Mr. Carlos Martinez, Chief of Staff, Office of the President
Dr. Stephen Mulva, Director, Construction Industry Institute, Cockrell School of Engineering
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost
Dr. Sharon Wood, Dean, Cockrell School of Engineering



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MEMORANDUM

To: Dr. Daniel Jaffe, Vice President for Research
Office of the Executive Vice President and Provost

From: Ms. Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive *Sandy Jansen*

Subject: FY18 Stanzione Travel and Entertainment Expenses – Project #19.014

Date: April 5, 2019

We have completed our audit of executive travel and entertainment expenses. The University of Texas System Audit Office requires this engagement, and all executive officers are subject to review annually, but may not be included in the audit every year. Dr. Daniel Stanzione, Associate Vice President for Research, TACC, was selected for this year's audit.

Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT policies and procedures for the period September 1, 2017, through August 31, 2018.

To achieve the objective, we conducted testing on a sample of travel and entertainment expenses and reviewed supporting documentation to determine:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

AUDIT RESULTS

In general, Dr. Stanzione's travel was appropriate, accurate, and complied with policies and procedure.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact Brandon Morales or me at 512-471-7117.

SJ: hl

cc: Dr. Daniel Stanzione, Associate Vice President for Research, TACC
Office of the Vice President for Research
Mr. Carlos Martinez, Chief of Staff, Office of the President
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost



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MEMORANDUM

To: Dr. Maurie McInnis, Executive Vice President and Provost
Office of the President

From: Ms. Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive *Sandy Jansen*

Subject: FY18 Wasielewski Travel and Entertainment Expenses – Project #19.014

Date: April 16, 2019

We have completed our audit of executive travel and entertainment expenses. The University of Texas System Audit Office requires this engagement, and all executive officers are subject to review annually, but may not be included in the audit every year. Dr. Miguel Wasielewski, Executive Director of Admissions, was selected for this year's audit.

Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT policies and procedures for the period September 1, 2017, through August 31, 2018.

To achieve the objective, we conducted testing on a sample of travel and entertainment expenses and reviewed supporting documentation to determine:

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- Adequate Supporting Documentation,
- Mathematical Accuracy,
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- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

AUDIT RESULTS

In general, Dr. Wasielewski's travel was appropriate, accurate, and complied with policies and procedures; however, there is one opportunity to improve travel expense oversight.

Duplicate Reimbursement – Travel

Audit Issue Ranking: Medium (See Appendix)

One of ten (10%) of the travel expenses, included a duplicate reimbursement for meal expenses. The creator of the reimbursement voucher included the cumulative total of meals expensed for the day and two of those same meals for reimbursement. This oversight resulted in overpayment of meal expenses.

TAC 34 Part 1 Chapter 5 Subchapter C Section 5.22 (b) states, "A travel expense must be incurred before it is eligible for reimbursement."

Recommendation: Management should ensure that the overpayment is reimbursed to UT and work with the Office of Procurement and Payment Services to correct the duplicate reimbursement. Furthermore, management should take steps to ensure that an adequate review of travel documents is provided in the future to guarantee accuracy of expenses reported and reimbursed.

Management Response: Management agrees with the recommendation and is currently working with Dr. Miguel Wasielewski to reimburse the University for the overpayment. In November 2018, Enrollment Management implemented a portfolio-wide Travel Policy that was distributed to all Unit Directors and their staff which clearly outlines the University's and Enrollment Management's travel rules and policies. The Enrollment Management Business Services team is undergoing a process improvement review of the travel reimbursement process to help strengthen the internal controls to guarantee the accuracy of expenses reported and reimbursed.

Responsible Person(s): Kristen Fiore (Accounting Manager) & Jake Wyatt (Director of Business Services)

Planned Implementation Date: April 30, 2019.

Post Audit Review: Internal Audits will conduct follow-up in the third quarter of FY19.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact Brandon Morales or me at 512-471-7117.

SJ:hl

cc: Ms. Rachelle Hernandez, Senior Vice Provost for Enrollment Management
Mr. Carlos Martinez, Chief of Staff, Office of the President
Dr. Miguel Wasielewski, Executive Director of Admissions
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost

A P P E N D I X

Audit Issue Ranking

Audit issues are ranked according to the following definitions, consistent with UT System Audit Office guidance. These determinations are based on overall risk to UT System, UT Austin, and/or the individual college/school/unit if the issues are left uncorrected. These audit issues and rankings are reported to UT System directly.

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.
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MEMORANDUM

To: Dr. Maurie McInnis, Executive Vice President and Provost
Office of the President

From: Ms. Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive *Sandy Jansen*

Subject: FY18 Franks Travel and Entertainment Expenses – Project #19.014

Date: April 5, 2019

We have completed our audit of executive travel and entertainment expenses. The University of Texas System Audit Office requires this engagement, and all executive officers are subject to review annually, but may not be included in the audit every year. Dr. Ruth Franks, Director of Career Services, College of Natural Sciences, was selected for this year's audit.

Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT policies and procedures for the period September 1, 2017, through August 31, 2018.

To achieve the objective, we conducted testing on a sample of travel and entertainment expenses and reviewed supporting documentation to determine:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

AUDIT RESULTS

In general, Dr. Franks' entertainment was appropriate, accurate, and complied with policies and procedures; however, there is one opportunity to improve adequate supporting documentation.

Adequate Supporting Documentation – Entertainment
Audit Issue Ranking: Medium (See Appendix)

Three (30%) of ten entertainment transactions examined did not include an approval signature on the Official Occasion Expense Form (OOEF). The form was not routed to the appropriate individuals for approvals. When an OOEF is not accurately completed, there is an increased risk that expenses may not be properly approved and disallowed entertainment transactions may be reimbursed with UT funds.

Section 9.1.1.M.1.b of the *Handbook of Business Procedures* states, “When using the Procard for entertainment and official occasion-related items, departments must attach a signed Official Occasion Expense Form (OOEF) for each purchase and include the form as a basic part of the back-up documentation retained for the Procard at the departmental level.”

Recommendation 1: Management should ensure that OOEFs are signed and approved by the proper personnel.

Management Response: We have implemented pre-approval processes to get the OOEFs signed by the Senior Administrative Associate in the College of Natural Sciences Business Office or the Assistant Dean of Business Affairs before we make Procard purchases.

Responsible Person:

- Ruth Franks, Director, Career Services, College of Natural Sciences
- Patty Gaston, Career Services, College of Natural Sciences
- Becky Kester, Assistant Director for Undergraduate Education, College of Natural Sciences
- Didi Smith, Administrative Manager, College of Natural Sciences
- Maria C. Lopez, Administrative Assistant, College of Natural Sciences

Planned Implementation Date: The pre-approval process was implemented in November 2018.

Post Audit Review: N/A

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact Brandon Morales or me at 512-471-7117.

SJ: jb

cc: Dr. Ruth Franks, Director of Career Services, College of Natural Sciences
Dr. Paul Goldbart, Dean, College of Natural Sciences
Mr. Carlos Martinez, Chief of Staff, Office of the President
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost

A P P E N D I X

Audit Issue Ranking

Audit issues are ranked according to the following definitions, consistent with UT System Audit Office guidance. These determinations are based on overall risk to UT System, UT, and/or the individual college/school/unit if the issues are left uncorrected. These audit issues and rankings are reported to UT System directly.

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT or the UT System as a whole.
- **High** – An issue that is considered to have a medium to high probability of adverse effects to UT either as a whole or to a significant college/school/unit level.
- **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT either as a whole or to a college/school/unit level.
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MEMORANDUM

To: Dr. Maurie McInnis, Executive Vice President and Provost
Office of the President

From: Ms. Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive *Sandy Jansen*

Subject: FY18 Addington Travel and Entertainment Expenses – Project #19.014

Date: April 5, 2019

We have completed our audit of executive travel and entertainment expenses. The University of Texas System Audit Office requires this engagement, and all executive officers are subject to review annually, but may not be included in the audit every year. Dr. Michelle Addington, Dean, School of Architecture, was selected for this year's audit.

Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT policies and procedures for the period September 1, 2017, through August 31, 2018.

To achieve the objective, we conducted testing on a sample of travel and entertainment expenses and reviewed supporting documentation to determine:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

AUDIT RESULTS

In general, Dr. Addington's travel and entertainment was appropriate, accurate, and complied with policies and procedures; however, there is one opportunity to improve documentation of travel expense calculations.

Expense Calculations – Travel

Audit Issue Ranking: Medium (See Appendix)

One of ten (10%) of the travel expenses included a mix of business and personal time, and a foreign exchange rate calculation that neither Internal Audits nor the department could recreate. Upon further review by the business officer, he indicated that there may have been an overpayment of this expense. The document lacked a written explanation or visible calculations

for how the final expense was calculated. Without adequate documentation or explicit clarification of expenses, there is an increased risk of loss or misuse of university funds. Section 11.5.G of UT's Handbook of Business Procedures states, "Foreign exchange rates may be found at OANDA.com. An average rate may be used for the entire trip." Section 11.5.2.F. of UT's Handbook of Business Procedures states, "If travel is to a foreign country, expenses must be converted to U.S. dollars. The voucher must specify the exchange rate used."

Recommendation 1: Management should work internally to ensure that the reimbursement was calculated correctly and with the Office of Procurement and Payment Services to correct reimbursement if necessary. Furthermore, management should take steps to ensure that adequate documentation is provided in the future to guarantee accuracy of expenses reported and reimbursed.

Management Response: The chief business officer determined as a result of this audit that the dean was over reimbursed for the aforementioned travel in the amount of \$245.23. The dean will work with the chief business officer to return this amount to the University through the Office of Procurement and Payment Services.

Responsible Person: Jeff Evelyn / Dean Michelle Addington

Planned Implementation Date: No later than March 29, 2019

Post Audit Review: Internal Audits will conduct follow-up in the third quarter of FY19

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact Brandon Morales or me at 512-471-7117.

SJ: hl

cc: Dr. Michelle Addington, Dean, School of Architecture
Mr. Carlos Martinez, Chief of Staff, Office of the President
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost

A P P E N D I X

Audit Issue Ranking

Audit issues are ranked according to the following definitions, consistent with UT System Audit Office guidance. These determinations are based on overall risk to UT System, UT Austin, and/or the individual college/school/unit if the issues are left uncorrected. These audit issues and rankings are reported to UT System directly.

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.
- **High** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
- **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
- **Low** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of “Low” are reported verbally to the unit and are not included in the final report.



OFFICE OF INTERNAL AUDITS
THE UNIVERSITY OF TEXAS AT AUSTIN

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audit.utexas.edu • internal.audits@austin.utexas.edu

MEMORANDUM

To: Dr. Maurie McInnis, Executive Vice President and Provost
Office of the President

From: Ms. Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive

A handwritten signature in cursive script that reads "Sandy Jansen".

Subject: FY18 Albrecht Travel and Entertainment Expenses – Project #19.014

Date: April 5, 2019

We have completed our audit of executive travel and entertainment expenses. The University of Texas System Audit Office requires this engagement, and all executive officers are subject to review annually, but may not be included in the audit every year. Dr. Teri Albrecht, Director of Internal Administration and International Student Scholar Services, International Office, was selected for this year's audit.

Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT policies and procedures for the period September 1, 2017, through August 31, 2018.

To achieve the objective, we conducted testing on a sample of travel and entertainment expenses and reviewed supporting documentation to determine:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

AUDIT RESULTS

Dr. Albrecht's travel and entertainment was appropriate, accurate, and complied with policies and procedures.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact Brandon Morales or me at 512-471-7117.

SJ: jb

Memorandum for Dr. McInnis

April 5, 2019

Page 2 of 2

cc: Dr. Teri Albrecht, Director of Internal Administration and International Student and
Scholar Services, International Office
Mr. Carlos Martinez, Chief of Staff, Office of the President
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost



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MEMORANDUM

To: Dr. Gregory Fenves, President
Office of the President

From: Ms. Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive *Sandy Jansen*

Subject: FY18 Rabenold Travel and Entertainment Expenses – Project #19.014

Date: April 5, 2019

We have completed our audit of executive travel and entertainment expenses. The University of Texas System Audit Office requires this engagement, and all executive officers are subject to review annually, but may not be included in the audit every year. Mr. Scott Rabenold, Vice President for Development, was selected for this year's audit.

Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT policies and procedures for the period September 1, 2017, through August 31, 2018.

To achieve the objective, we conducted testing on a sample of travel and entertainment expenses and reviewed supporting documentation to determine:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
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- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

AUDIT RESULTS

Mr. Rabenold's travel and entertainment was appropriate, accurate, and complied with policies and procedures; however, Mr. Rabenold routinely receives reimbursements for using Uber Black¹ services. Although UT policy considers the use of RideShare services as public transportation, UT policy is silent on the different types of RideShare services including any dollar limits. Uber Black is generally more expensive than other types of public transportation and can be viewed as excessive especially when only one rider (an employee) is in the vehicle. We are recommending UT update policy to clarify the use of this type of transportation. Potential changes to the allowance of this type of public transportation may be forthcoming.

¹ According to Uber.com, Uber Black consists of "Luxury rides with professional drivers."

Memorandum to President Fenves

April 5, 2019

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We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact Brandon Morales or me at 512-471-7117.

SJ: jb

cc: Mr. Carlos Martinez, Chief of Staff, Office of the President
Mr. Scott Rabenold, Vice President for Development, Office of the President




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MEMORANDUM

To: Mr. Darrell Bazzell, Senior VP and Chief Financial Officer

From: Ms. Sandy Jansen, CIA, CCSA, CRMA
Chief Audit Executive 

Subject: FY18 Executives' Travel and Entertainment Expenses – Project #19.014

Date: May 28, 2019

We have completed our audit of executive travel and entertainment expenses. The University of Texas System Audit Office requires this engagement, and all executive officers are subject to review annually, but may not be included in the audit every year.

Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT policies and procedures for the period September 1, 2017, through August 31, 2018.

AUDIT RESULTS

Travel Policy

Audit Issue Ranking: High (See Appendix)

As travel options evolve, travelers continue to use newer forms of public transportation and/or rideshare options, e.g., Uber, Lyft, during university travel; however, the *Handbook of Business Procedures* does not include reimbursement guidelines for newer forms of transportation and does not require receipts for public transportation/rideshare expenses within a city.

While performing the audit, we observed that an executive was reimbursed for multiple Uber Black¹ expenses, the cost of which may be three times more expensive than other types of public transportation.

Without providing guidance on these newer forms of public transportation, including reimbursement and receipt requirements, there is an increased risk that UT funds will be used on luxury forms of public transportation.

Recommendation: Management should update the travel policy to define types of public transportation and under what circumstances they may be reimbursed. As part of this update, management should consider whether receipts should be required for reimbursements exceeding a threshold for this type of transportation.

Management Response: Management agrees to update the travel policy to define which types of public transportation may be reimbursed. State law does not require receipt for reimbursement of travel by bus, subway, other mode of mass transit, taxi, limousine, or network transportation driver, see [Texas Government Code Section 660.092\(b\)](#).

¹ According to Uber.com, Uber Black consists of "Luxury rides with professional drivers."

However, a Texas state agency may have a more restrictive travel policy; therefore, there will be further discussion with CUBO about whether or not to require receipt.

Responsible Person: Cynthia A Gregg, Assistant Director for Payment Services

Planned Implementation Date: July 1, 2019

Post Audit Review: Internal Audits will conduct follow-up in the third quarter of FY19

If you have any questions, please contact me or Brandon Morales at 512-471-8974.

SJ:jb

cc: Ms. Tara Doolittle, Chief of Staff, Financial and Administrative Services
Ms. Cynthia Gregg, Assistant Director, Procurement and Payment Services
Mr. Carlos Martinez, Chief of Staff, Office of the President
Ms. Amy Reyna, Assistant to the Senior Vice-President and CFO, Financial and
Administrative Services
Ms. Terri Shrode, Interim Assistant Vice President for Procurement, Business Contracts,
Payment Services

A P P E N D I X

Audit Issue Ranking

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